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Australia is tied up in an investigation into illegal fund movements with crypto links totalling \$480 million



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FEB 2, 2018, 4:59 PM



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• A total of \$Au/40 million was

transferred overseas in suspected
illegal foreign currency

transactions.

- **The transactions have emerged after South Korean authorities threatened to ban all cryptocurrency trading.**
- **The country has tough laws on foreign currency transactions.**

South Korean authorities are investigating the illegal transfer of funds to Australia involving cryptocurrency transactions totalling hundreds of millions of dollars.

In a report issued on its Korean-language website, the Korean Customs Service (KCS) said (http://www.customs.go.kr/kcshome/cop/bbs/bbsId=BBSMSTR_1018&nttId=4110&layout=1) was investigating illegal foreign currency transactions totalling 637.5 billion Korean won, or around \$A740 million.

The majority of that amount — 416.9 billion Korean won (around \$A480 million) — related to the exchange of funds between South Korean and Australian bank accounts, according to Korean authorities.

The investigation into illegal transfers was initially reported by coindesk.com (https://www.coindesk.com/south-korea-cryptos-mixed-up-in-600-million-illegal-forex-trade/) on January 31.

Business Insider subsequently confirmed that the operation involved the establishment of an Australian company, which was set up to facilitate foreign exchange transactions for the Australian dollar and the South Korean won.

The investigation hinges around South Korea's strict rules on the transfer of capital out of the country. At this point there is no suggestion or evidence of illegal activity in Australia.

The Australian Federal Police had no comment on the matter. A spokesperson for financial intelligence agency AUSTRAC said that while the agency would not comment on operational matters, further regulation of domestic cryptocurrency exchanges will be forthcoming.

"From early April 2018, services performed by digital currency exchange providers (DCEs) operating in Australia, involving the exchange of digital currencies, will be regulated by AUSTRAC under the AML/CTF Amendment Act 2017," the spokesperson told Business Insider.

"Under the AML/CTF Amendment Act 2017, DCEs are required to collect information to establish a customer relationship, monitor transactional activity

and report to AUSTRAC where those transactions involve large amounts of cash, or are suspicious.”

The KCS alleges that the suspect in its investigation made further illegal money transfers, as it had insufficient funds required to cover the operational costs required for large-scale foreign exchange transfers.

In order to cover those transaction costs, it’s alleged the entity made two further illegal transfers, comprised of the following:

- 1.** a transfer of 21.5 billion Korean won (around \$25 million); and
- 2.** a cryptocurrency transfer to the value of 300 million won (around \$350,000).

The KCS didn’t specify names of any individuals or corporate entities involved in the transactions, or whether any charges had yet been laid.

“In recent years, the possibility of illegal foreign currency withdrawals due to virtual currency speculation has increased, and the possibility of illegal foreign currency withdrawals for the purpose of overseas purchase of virtual currency has increased,” the KCS said.

The latest regulatory development comes after South Korean authorities threatened to ban all cryptocurrency trading in the country, before announcing announcing a crackdown on anonymous cryptocurrency trading accounts.

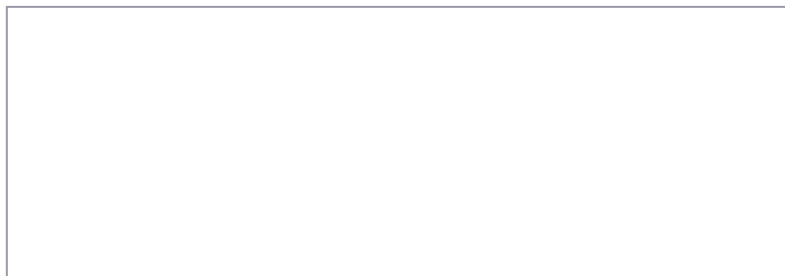
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